

ALLOCATION OF GREEN ATTRIBUTES FROM TIER 1 AUGMENTATION

Assumptions

- BPA will augment up to 300 aMW for Tier 1, some or all of which will be renewable
- BPA customers purchasing Tier 1 power will want to have access to the renewable energy credits (RECs) associated with this augmentation as part of their Tier 1 purchases
- Preference customers currently purchasing RECs from BPA under EPP to run local green programs have limited roll-over rights (through 2014) and should not be disadvantaged by any allocation method
- Resale of Tier 1 RECs to third parties (other than resale to BPA) will be prohibited
- Small utilities will be able to take partial megawatt RECs as is the case under the EPP program
- This allocation proposal can be used regardless of the decision on how Tier 1 RECs are to be priced (market versus embedded)

Proposal

- The RECs associated the up to 300 aMW of Tier 1 augmentation will be offered first to customers purchasing Tier 1 power in proportion to each customer's ratio of its Tier 1 purchases to total Tier 1 purchases. (customer forecast to purchase 4% of total Tier 1 power will be offered 4% of Tier 1 augmentation RECs)
- Any RECs initially offered to but not taken by one or more Tier 1 purchasers will be reoffered to remaining Tier 1 purchasers. If reoffered Tier 1 RECs accommodate all requests for these RECs, RECs will be provided on first come first served. If demand for reoffered Tier 1 RECs exceeds supply, reoffered RECs will be allocated on a proportionate basis (ratio of purchaser's Tier 1 load to total Tier 1 load of all purchasers of reoffered Tier 1 RECs)
- Any Tier 1 RECs that a customer purchases but does not need can be resold to BPA at the price it was originally purchased at, subject to an adjustment to recognize that RECs can lose value over time
- Any Tier 1 RECs not taken by Tier 1 purchasers under the foregoing mechanism will be sold at market, with the revenues from such sales credited to the Tier 1 revenue requirement.
- Since the amount of Tier 1 augmentation may vary from rate period to rate period, the time period for which Tier 1 RECs will be committed to a customer will be for one rate period, with the allocation process being redone each rate period
- If the foregoing allocation method does not result in the current EPP purchasers who exercise their roll-over rights obtaining sufficient RECs to cover their current purchase amount, prior to actually offering the Tier 1 RECs the amount necessary to fulfill this contractual obligation will be deducted from the RECs available to all other Tier 1 purchasers